

CHAPTER 6 - DOCUMENTING ADJUSTMENTS AND REPORTING GOVERNMENT PROPERTY LOST, DAMAGED OR DESTROYED

A. GENERAL.

This chapter contains procedures for processing adjustments to the accountable records of a DRMO and to determine responsibility for lost, damaged or destroyed property listed on DD Form 200, Financial Liability Investigation of Property Loss. It also provides the procedure for ensuring the transfer of accounts. Process all adjustments according to attachment 1, this chapter. Attachment 2 is a simplified guide for signature authority. Attachments 3 through 8 provide guidance and examples to complete required forms. Attachment 8 provides guidance for processing DD Form 200s at DRMS-I and DRMS-N. See DoD 7000.14-R, Volume 12, Chapter 7, "Financial Liability for Government Property Lost, Damaged or Destroyed", October 1997, for terminology for liability investigations.

NOTE: This instruction does not apply to record book property, e.g., MHE, operating equipment, or personal equipment. See DLAM 5335.2, for guidance for record book property. For specific guidance on record book property, contact DRMS-TRF at (DSN) 661-7282.

B. APPOINTMENTS AND RESPONSIBILITIES

1. DRMS-I and DRMS-N will approve the transfer of accounts between accountable property officers (APOs) of their respective DRMOs, (see attachment 7, Certificate of Transfer). They also appoint in writing an approving officer and an appointing officer. The appointing officer appoints a Financial Liability Officer (FLO) as needed. The FLO should be senior in grade to the APO and the RPO and should have no direct interest in the property. Base the selection upon training, experience, competence and the ability to be independent and objective in investigations. (See Footnote 1, attachment 4, for criteria for appointing an FLO.) The APO maintains and ensures item and/or financial record accuracy and control of government property. (See chapter 7, attachment 6, this instruction, for detailed information on APO duties.) The responsible property officer (RPO) is responsible for exercising care, physical custody and safekeeping of property entrusted in their possession or under their supervision. The APO and the RPO cannot be the same person. And neither the APO nor the RPO will approve adjustments. See Chapter 9, this instruction, for filing instructions for administrative records, e.g., APO appointments, Certificates of Transfer, etc.

a. DRMS-I and DRMS-N authorize assigned personnel to conduct a statistical sample inventory of a DRMO when:

(1) The DRMO Chief, APO or RPO is replaced and one or more of the following conditions is/are present:

(a) The DRMO Chief, APO or RPO is reassigned or leaves under an adverse action, resignation or other less than favorable circumstance.

(b) The Resolution B List equals 2% or more of the total usable inventory for 3 consecutive months.

(c) There are recurring losses of property over the preceding 6 month period where the number of lines lost exceeds 1% of the average monthly usable receipts.

(d) The DRMO Chief requests an inventory.

(2) During Corporate Assessment Visits or another type of review, accountable property which is not on inventory is discovered in the storage area and one or more of conditions (a) through (d) above are present.

(3) DRMS-I or DRMS-N requests an inventory.

b. DRMS-I or DRMS-N may direct a DRMO to conduct a wall-to-wall inventory if less than 90% accuracy is achieved in a statistical sample inventory or if a DRMOs accuracy rating under the self-assessment program fail to meet the required accuracy rate two consecutive times for any sensitive categories (see chapter 7 this instruction for additional information. Also see chapter 4, paragraph D3, this instruction, for additional information on

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conducting a wall-to-wall inventory. An incoming DRMO Chief and a newly appointed APO may also request a wall-to-wall inventory.

DRMOs that are directed to conduct a wall-to wall inventory will provide a "Report of Corrective Actions" to DRMS-I or DRMS-NP every thirty days until all discrepancies identified during the wall-to-wall have been resolved. The first "Report of Corrective Actions" will be due 45 days after the completion of the wall-to-wall.

2. The DRMO Central Chief has command responsibility and ensures that adjustments are properly documented, approved or submitted for approval.

a. The DRMO Central Chief cannot be the APO or the RPO and so appoints an APO, RPO and alternates in writing; however, at sites that are operating under an A-76 PWS, the PA will appoint the RPO and RPO duties are to be performed by the PA pursuant to the PWS (see b., below).

1. The Central DRMO Chief can designate the Site Manager or Leader to approve Key 1 (see Attachment 1) adjustments only if the Manager/Leader is not the RPO.

2. If the Central DRMO Chief delegates authority as Acting Chief to the RPO during absences, an alternate RPO must be appointed by the Central DRMO Chief for that time, if one has not already appointed.

3. The DRMO Chief also ensures the transfer of accounts between APOs. See Attachment 7, this chapter, for the Certificate of Transfer.

4. Appointments for Foreign Nationals to act as an APO must be approved in accordance with the DLAR 7500.1, Accountability and Responsibility for Government Property in the Possession of the Defense Logistics Agency. This is not a waiver request. Forward requests through the FST to DRMS-OP.

b. At A-76 sites: The PA leader will provide the DRMS Contracting Officer (KO) or Designee with an official document designating the RPO and alternate RPO names and signatures. 5 Feb 04

C. RESEARCHING AND REPORTING INVENTORY DISCREPANCIES

1. Determine the cause of the inventory discrepancy by conducting initial research. See DRMS-I 4160.14, Volume II, Chapter 2, for specific guidance.

2. See Attachment 1, this chapter to make corrections to the accountable records. The following special requirements apply to items identified as "sensitive".

a. Sensitive items, i.e., property, which requires a high degree of protection and control due to statutory requirements or regulations, such as drug abuse items; stock numbered or "V" coded precious metals; MLI/CCLI; and pilferable items as identified in DRMS-I 4160.14, Volume II. See attachment 4, this chapter, for guidance on preparation of DD Form 200.

b. Hazardous property that is reported as lost. Prepare a separate DD Form 200 for each line item. The DRMO/Zone environmentalist must certify if the HM/HW is on the DRMS list of hazardous property approved for local sales. If the items is not approved for local sale, the DD Form 200 will be reviewed under the approval criteria for sensitive items.

c. DEMIL required property that is reported as lost. Prepare a separate DD Form 200 for each line item. DEMIL required and MLI/CCLI property will always be reviewed under the approval criteria for sensitive items.

d. Any discrepancy where there is an indication of fraud, theft, negligence, deliberate unauthorized use or willful misconduct, a separate DD Form 200 is required for each separate occurrence.

e. Property with an acquisition value of more than \$50,000.

3. A separate DD Form 200 is required per line item lost unless a waiver is obtained from Operations personnel in DRMS-I or DRMS-N. For DRMOs that have been granted a waiver to report multiple property losses on one DD Form 200, the property will be grouped based on: 1) the approval level and 2) the type of property being reported.

4. DTIDs will not be subdivided to reduce the approval level.

5. The DRMO Chief determines the degree of research conducted depending upon circumstances.

6. Report losses of retail sale property quarterly. Report losses identified before the end of the quarter as soon as possible.

7. Report inventory discrepancies in the system by using the following procedure.

a. First select WAREHOUSING from the main menu. Then select the SPECIAL FUNCTIONS Menu. Finally select the GAIN AND LOSS ADJUSTMENT Screen. The system will display your Property Location RIC (PLR), press ENTER. After the system displays the ADJUSTMENT CODE Field, enter **G** or **L** as appropriate.

b. The system will then display a pop-up screen on the right (DTID - SCL/SCT window for records that are pending acceptance for a quantity or weight difference). Use this screen to delete a record (F18) that has been reported in error. Use this screen also to add (F7); view (F2) or update (F2) those records for which an inventory discrepancy has been discovered. Follow the screen prompts.

NOTE 1: When you delete a record an event history transaction will be written.

NOTE 2: For adjustments reported automatically by an Interim XS7 Marketing transaction, use the following procedure for each individual record: Press F2 to view the record(s) and press F9 to move the record(s) to the DRMO APPROVE ADJUSTMENTS File.

c. To add a record (F7) the following entries are required:

(1) DTID - SCL/SCT Field - Enter the DTID or the SCL/SCT for the property record that you need to report. If the system cannot locate the record, it states, "Not found, press ENTER to continue" or "Not on file for this property location RIC". If the record is on file, the system will ask for additional information.

(2) DISCOVERY DT Field - If the record does not show a discovery date, enter the date the discrepancy was known (8 positions mm/dd/yy).

(3) ADJ QTY/WT Field - Enter the quantity to be added to the record, if the error was a gain, or, if the error was a loss, enter the amount to be subtracted from the record (7 positions). The system adds or subtracts that quantity and displays the result in the NEW QTY/WT Field. The system also calculates the adjusted value for gains/losses and displays it in the ADJ VALUE Field.

(4) CIRCUMSTANCES Field - Enter the reason for the gain or the loss (3 lines of 60 characters each). Press **F9** to complete the addition of a record.

d. The records requiring approval will now appear in the DRMO APPROVE ADJUSTMENTS File to await input of approval.

NOTE: The following fields appear when the DRMO APPROVE option is selected from the INVENTORY ADJUSTMENTS menu.

(1) TPC Field (one position) - To enter the Type Property Code from the window selection that DAISY provides on the screen, press **F4** to move down the list or **F3** to back up. Once you have highlighted the correct code, press **F1**. This will place the code in the TPC field. Then press RETURN.

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(2) LRC Field - Enter the Loss Reason Code:

- A - Accident
- B - Condition Code change
- C - Fire or smoke damage
- D - Natural Disaster
- E - Theft by a U.S. Government employee
- F - Theft by other than a U.S. Government employee
- G - Vandalism
- H - Other
- I - Unknown
- J - P24/H24 breakdown
- K - Data Entry Error

(3) NEG Field - Enter Y or N in the Negligence Field.

(4) RESOLUTION OFFICE CODE Field - Enter the Resolution Office Code, one position (O - DRMO; R - DRMS-N or DRMS-I or S - HQ DRMS).

NOTE: For documents requiring the approval of the Forward Support Team, enter Resolution Office Code O.

(5) RPLD DATE Field, Report of Property Lost, Damaged or Destroyed - Enter the date of the DD Form 200 if applicable (block 3 – DATE LOSS DISCOVERED).

e. Press **F9** to complete the update of a record.

8. Inventory Discrepancies Reported by the System.

a. When an XS7 is input for a quantity that is less than the quantity recorded in the system, a screen message will ask for verification on the quantity to be issued. If the person making the input responds stating that the issue is a final, then the system automatically refers the missing quantity to the DRMO APPROVE ADJUSTMENTS File to await approval.

b. The APO will use the guidance in paragraph D, this chapter, to process the adjustment.

NOTE : DTID or scrap records which have pending adjustments as a result of an Interim Marketing XS7 transaction cannot be deleted from the inventory with this process. (You may need to submit a Problem Tracking Report – PTR, *if the shipment was in fact a partial issue and not a final issue.*)

D. DATA ENTRY OF APPROVAL OF ADJUSTMENTS TO THE ACCOUNTABLE RECORD.

Adjustments to the accountable record are authorized upon approval of DRMS Form 39-3 at the DRMO or after forwarding the DRMS Form 39-3 or the DD Form 200 for approval.

NOTE: Only the APO or other person (except RPO) designated by the DRMO Chief records approval for adjustments due to property that has been lost, damaged or destroyed. If the DRMO Chief designates someone other than the APO to record adjustments to the accountable record, that designation must be in writing. The person recording the approval of the adjustment in the accountable record should not be the same person who approves the adjustment.

1. Use the following procedure for recording approval of changes to the accountable record at the DRMO level. Select the INVENTORY ADJUSTMENTS Menu from the DRMO APO screen. Finally select the DRMO APPROVE Menu. The system then displays the VIEW ADJUSTMENTS Screen. Make the following entries:

a. PROP LOC RIC Field - Automatically entered by the system. If there are records awaiting DRMO approval, the system then displays the first record. To proceed with approval, use the F2 key. Whether the record is for a

gain or a loss, the system asks you to verify the record (to allow for records put in the file by error) answer "Y" or "N". To eliminate a record referred by mistake, enter "N". To proceed with the approval, enter "Y". To view succeeding records, use the F4 key. To view a previous record, use the F3 key. To delete a record, press F18.

b. CIRCUMSTANCES Field - If blank, enter the reason for the loss or enter the Inquiry Investigation Number from Block 2 of the DD 200.

c. Press F9 to update the record.

2. Use the following procedure for recording approval of changes to the accountable record by DRMS-O or DRMS-O or other personnel at approval level 3. (See attachment 1, this chapter, for approval levels.) Telnet to the DRMO. Then select the WAREHOUSING MENU. Next select WHSNG SPECIAL FUNCTIONS. Finally, select DRMS APPROVE ADJUSTMENTS. Press F2 to view the records pending approval. Press F4 to select the record. When you have identified the record you want to approve, press **F2**. Press F9 to record approval and to update the record. If a representative from DRMS-I or DRMS-N is at the DRMO, the system monitor is authorized to add that representative to the REGION Menu to provide access to the REGION APPROVAL Screen. Questions regarding access to the different user groups should be directed to DRMS-C, DSN 661-4645.

3. Use the following procedure for recording approval of changes to the accountable record by HQ DRMS. Telnet to the DRMO. Then select the WAREHOUSING Menu. Next select WHSNG SPECIAL FUNCTIONS. Finally, select DRMS APPROVE ADJUSTMENTS Menu. Press F2 to view the records pending approval. Press F4 to select the record. When you have identified the record you want to approve, press **F2**. Press **F9** to record approval and to update the record.

NOTE: Records which have been elevated to DRMS-I, *DRMS-N* or HQ DRMS for approval *that should be approved at the DRMO* may be referred back to the DRMO for DRMO approval by changing the Resolution Office Code to O.

E. PROCESSING ADJUSTMENT DOCUMENTATION

Minimum documentation for an adjustment is DRMS Form 39-3. Use a suspense copy of all forms forwarded for approval level 4 as a temporary source document until receipt of the completed action copy.

1. The criteria for adjustments and the criteria for corrections are in attachment 1, this chapter.

NOTE: Use DRMS Form 1983 to document corrections. See paragraph I, chapter 7, this instruction for guidance on processing corrections. Corrections may require input to one or more of the following screens: DTID Restart; Basic Accountable Record Adjustment/Correction; DTID Number Correction; Change to Quantity Available; Change to Record Status Code "Z"; XR3 Data Correction or an approval screen.

2. Attachments 3 and 4, this chapter, provide guidance and time frames for preparing Inventory Adjustment Vouchers (IAV) DRMS Form 39-3 and DD Form 200. The title of DD Form 200 is Financial Liability Investigation of Property Loss.

3. For property not in your DRMO custody but on your DRMO records, request the holding activity to investigate and provide results. Determine loss criteria and:

a. DRMO prepares IAVs as required.

b. Notify the holding activity of the requirement to prepare the DD Form 200 and to conduct investigations on DRMO accountable property that is in their custody, according to DoD 7000.14-R, Volume 12, Chapter 7 and DoD 4160.21-M, Chapter 3, paragraph H3.

4. Process property on the DRMO inventory and in DRMO custody (see attachments 3 and 4, this chapter). See chapter 2, paragraph D13, this instruction, for property in DRMO custody, but not on the DRMO inventory.

5. DRMS-O and DRMS-O will each maintain a Control Register, DLA Form 1151 or a database equivalent (see attachment 5, this chapter) for recording Reports of Property Lost, Damaged or Destroyed. Process the

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documentation according to attachments 3 and 4, this chapter.

6. Processing Time Frames

- a. DRMO initiate within 5 days of discovery, forward to ZM within 30 days of discovery. Zone if within approval authority, ZM sign within 45 days of discovery, for higher level approvals to DRMS-I or DRMS-N within 45 days of discovery (ZMs may appoint a FLO for cases within their approval authority, but they can only appoint their Zone FLO).
- b. DRMS-I or DRMS-N or designees approval sign within 45 days of receipt, if FLO appointed add 45 days (DRMS-I/DRMS-N at their discretion may adjust the FLO time limit based on severity of the case. At no time should the FLO investigation time exceed 45 days without written approval.
- c. DRMS will have 30 days to complete administrative reviews, which will include 10 days each for legal and security reviews and 7 days for approving officials review.
- d. HQ DRMS completes action on DD Form 200s within 30 days of receipt.

7. When an investigation is required, leave damaged property in its damaged state until the investigation results determine that it is no longer needed for investigative purposes. DRMS freezes property under Freeze Code 8. After investigation, process property through the system as either a usable item or as scrap with the DD Form 200 as supporting documentation for the downgrade.

8. Retail sale losses accrued over a fiscal quarter may be submitted on one DD Form 200 with an itemized property list, which includes, but is not limited to DTID, NSN, nomenclature, quantity and unit price. See attachment 1, item 1f, this chapter, for approval levels.

F. REIMBURSEMENT REQUIREMENTS.

When financial liability is established, the approving officer will forward the approved DD Form 200 to the finance officer/comptroller to initiate collection action. See DoD 7000.14-R, Volume 12, Chapter 7.

G. PROHIBITED ADJUSTMENTS, CORRECTIONS OR OTHER TRANSACTIONS.

Do not process the following adjustments, corrections or other transactions when property has been reported as lost, damaged or destroyed:

1. Price changes
2. Lotting
3. Downgrading - Do not downgrade property that has been damaged or destroyed until the appropriate receipt transaction has been processed into the accountable record.

NOTE: Property will normally be referred for downgrade by marketing personnel, but the approval of the downgrade *at the DRMO level* must be done by the DRMO Chief or the designee. The designee will be appointed in writing.

4. DTID Restart